



International Tea Purchasing Policy

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This International Tea Purchasing Policy applies to both tea and tea-like products. It is available in German and English. In cases of doubt, the German version shall prevail.

1. Scope of application

This International Tea Purchasing Policy applies to own-brand items and regulates the sourcing of all raw tea volumes for the ALDI North product categories black, green, herbal and fruit tea (tea bags, loose tea). Special offers containing the aforementioned ranges shall also be covered by the defined scope of application

The International Tea Purchasing Policy is a binding framework for us and our business partners. It is the subject of ongoing updates and rigorous examination. Its validity will end with the publication of an updated version on aldi-nord.de.

Cooperation is carried out exclusively with business partners who work in harmony with our International Tea Purchasing Policy.

2. Background

Tea is one of the most important commodities worldwide. The main tea cultivation countries are China, India, Kenya and Sri Lanka. Numerous work stages are required to turn the raw commodity into the final product. For this reason, it is vital to safeguard the quality of the resources and to assume responsibility within the tea value chain. Around the globe, some 200 million people¹ work on tea plantations.

Together with other stakeholders, ALDI North implements ecological and economic sustainability standards in order to address the following challenges, among others:

Social

- Improvement of working and living conditions
- Reduction of rural exodus in the main producing countries

Environmental

- Fight against climate change and associated consequences, such as increasing droughts and pest infestations
- Reduction in the use of pesticides and synthetic fertilizers
- Conservation of resources required for the production of tea, such as water

Economic

- Access to financial means, as well as technical equipment and materials
- Improvement in productivity
- Reduction of competition for land use with other resources

¹ Misereor 2015

3. Responsibility

The sustainable and sparing treatment of natural resources is an integral part of ALDI North's corporate responsibility. As an internationally operating retail company, ALDI North uses its leverage to set standards in the supply chain with tools such as product-specific purchasing policies. Through our International Tea Purchasing Policy, we strive to promote measures that support sustainable tea cultivation and improve working and living conditions for farmers, their families and all workers involved.

A summary of our goals:

- I. Promotion of sustainable tea cultivation*
- II. Promotion of a tea project in a country of origin*
- III. Gradual international changeover to certified tea and tea-like products for our own-brand items*
- IV. Transparency and traceability*
- V. Transparent communication and awareness-raising measures for stakeholders relating to the importance of sustainably produced tea*

4. Goals and measures

ALDI North develops targets and measures for the sustainable sourcing of tea and tea-like products with close coordination between the business divisions of Corporate Responsibility, Purchasing and Quality Control as well as with its business partners and relevant stakeholders. We strive to offer sustainable tea and tea-like products throughout our entire range. We have currently defined the following goals:

I. Promotion of sustainable tea cultivation

Together with our business partners, we are committed, within the scope of internationally recognised sustainability standards (Rainforest Alliance, Fairtrade, UTZ, UEBT²/UTZ and EU organic), to promote and implement social, economic and environmental standards in order to attain sustainable improvements in the tea industry. Rainforest Alliance, Fairtrade and UTZ, for instance, are members of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL) and help ensure that sustainability goals and standards in the tea industry are globally promoted, reliably represented and monitored on a regular basis.

II. Promotion of a tea project in a country of origin

In the future, we plan to promote the sustainable cultivation of tea by supporting a project in a country of origin. The project will support smallholder farmers in the sustainable cultivation of tea over a period of several years. The objective is to enhance productivity and quality, as well as capabilities in dealing with the consequences of climate change.

III. Gradual international changeover to certified tea and tea-like products for our own-brand items

The ALDI North group operates its retail business in nine European countries. Our international goal is to convert at least **80 percent** of our sourced black tea and green tea volumes to sustainably sourced resources by the end of **2018**, provided availability and quality are assured in the respective countries of origin. In this respect, we accept the **Rainforest Alliance, Fairtrade, UTZ** and **EU organic** standards.

Moreover, within the defined scope of application, we strive to constantly increase the certified share of herbal tea and fruit infusions: Our aim is to convert **30 percent** of our sourced herbal tea and fruit infusions by the end of **2018** and **40 percent** by the end of **2020** to certified sustainable resources, provided availability and quality are assured in the respective countries of origin. In this respect, we accept the **Rainforest Alliance, Fairtrade, UTZ, UEBT/UTZ** and **EU organic** standards.

² Union for Ethical BioTrade

IV. Transparency and traceability

Transparency and traceability are essential criteria when it comes to our sourcing and marketing practices for sustainable tea and tea-like products at ALDI North. The use of certified tea and tea-like products according to recognised sustainability standards, such as **Rainforest Alliance Fairtrade, UTZ, UEBT/UTZ, and EU organic**, contributes to a considerable improvement in transparency and traceability in the tea supply chain.

Furthermore, we are checking the feasibility of extending the ALDI Transparency Code (ATC) on tea items at ALDI North covered by the scope of application of this Purchasing Policy. The ATC is a QR code (see scheme on the right) which can be read by a smartphone or a computer.

Upon scanning, the user will receive further online information on the product or detailed information on the production process.



V. Transparent communication and awareness-raising measures for stakeholders relating to the importance of sustainably produced tea

A positive change in tea cultivation can be achieved only through the joint actions of all the stakeholders involved.

ALDI North therefore undertakes to inform its employees, customers and business partners comprehensively on the background and targets with regard to sustainable tea cultivation and to raise awareness on the importance of this issue.

ALDI North achieves this, for instance, through:

- Internal newsletters, information flyers and the integration of this Tea Purchasing Policy in the internal training program
- The weekly customer magazine ‚ALDI aktuell‘ and information brochures
- Websites, on which consumers can find further information on the topics of sustainability and quality, as well as the internationally recognised certification standards in the tea sector
- The active promotion of tea or tea-like products from sustainable production

5. Responsibilities and controls

ALDI North undertakes regular reviews of its targets in the area of the sustainable tea procurement and may formulate additional targets and measures, where required. In doing so, we are in a constant dialogue with external partners such as suppliers, NGOs, members of the academic professions and other relevant stakeholders.

For the purchasers of ALDI North, the International Tea Purchasing Policy and the objectives expressed therein are binding in the implementation of tendering and procurement processes.

ALDI North has informed its suppliers of the content and objectives of the International Tea Purchasing Policy. The suppliers of tea and tea like products are contractually obliged to comply with these requirements upon receipt of orders. ALDI North expects its suppliers to develop appropriate guidelines for the sustainable sourcing of tea and tea like products and to have a management system in place allowing for the continuous verification of standards. ALDI North reserves the right to employ independent institutions to carry out spot checks of its product specifications at the suppliers' premises.

To achieve its corporate goals, ALDI North has always relied on a close and trustful cooperation with its suppliers. With our business partners, we share the responsibility for the conservation of natural resources and therefore joined forces to achieve the targets defined in this Purchasing Policy. ALDI North welcomes its suppliers to promote individual sustainability projects and initiatives in tea cultivation and to provide information on the approaches taken as well as on the current developments.

The managements and other responsible staff of ALDI North are regularly informed on the current status of implementation of this Tea Purchasing Policy.

6. Partners and standards



Fairtrade

Products labelled with the “Fairtrade” seal originate from fair trade and meet strict social, economic and environmental requirements. The aim is to empower smallholder farmers and workers in developing countries in Africa, Asia and Latin America and to improve their position in the world market in the long term. The farmers will receive a fixed minimum price for their resources. The additional Fairtrade premium allows for the realisation of community projects such as schools, wells or hospitals being built.

fairtrade.net



Rainforest Alliance Certified™

The Rainforest Alliance Certified™ seal represents products from environmentally friendly and socially responsible farming. The seal, featuring a green frog, is used to label tea, coffee and cocoa products and bananas, among other products. This means that these products are sourced from farms that are required to comply with the comprehensive standards of the Sustainable Agriculture Network. These were defined to conserve stocks of wildlife, preserve soils and waterways and help ensure the welfare of workers, their families and local communities – for a better life.

rainforest-alliance.org



UTZ

UTZ is a programme for the sustainable cultivation of tea, herbs, coffee, cocoa and hazelnuts, contributing to improved prospects for farmers, workers, their families and our planet. Farmers will be trained in efficient and environmentally sound methods of cultivation, good farm management and safe and healthy working conditions. This training will allow them to increase their productivity, the quality of their products and their efficiency, while respecting human rights and the environment, and to improve the standard of living for farmers.

utz.org



EU organic

The EU organic logo is used exclusively for food items of at least 95 percent organic origin, according to the strict EU provisions. Organic products are free from genetic modification, artificial flavouring agents and colourants and must not be treated with synthetic pesticides. Certified organic farms are audited by independent experts on an annual basis.

bmel.de



UEBT/UTZ

The UEBT/UTZ herbal tea and fruit infusion programme emerged from a cooperation between the organisations of the same names and campaigns for the sustainable cultivation of herbal tea. The aims of the certification programme are, among other things, to preserve biological diversity, enhance productivity and quality, ensure good working conditions and improve future prospects for farmers.

ethicalbiotrade.org

utz.org

Further information regarding our CR activities can be found on our website cr-aldinord.com

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